



2 Dividend Stocks That TFSA Investors Should Buy Now

Description

When markets are down and no one is interested in buying stocks, that's the best time for long-term investors to look for bargains. In this environment, you can also consider beefing up your portfolio using your Tax-Free Savings Accounts (TFSA).

In Canada, 2018 is turning out to be a year when stocks lose their shine, as interest rates move higher, and investors re-price the risk. The benchmark S&P/TSX Composite Index has fallen about 6% from the peak it hit just last month on worries that rising interest rates would hurt companies' profitability and reduce their investment appeal.

For long-term investors, this sell-off is a great opportunity to load up on the quality dividend stocks that are in the oversold territory and selling cheap. Here are my two favourite picks that you can consider for your portfolio.

Brookfield Infrastructure Partners L.P. ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a dividend stock that provides a good hedge against the economic downturns. The [company's strength](#) is its global diversification and its exposure to infrastructure assets, which are considered to be cash machines in all times.

Brookfield owns utilities, transportation, energy, and communications infrastructure across North and South America, Asia Pacific, and Europe. These critical assets provide long-term investors nice diversification and stable cash flows.

In 2017, the company's funds from operations, a key measure to determine the quality of its assets, increased by 24% to \$1.17 billion compared to the prior year. Results reflect the contribution of new investments as well as organic growth across the company.

Brookfield has been a great dividend-growth stock. The company targets annual growth of 5-9% in its dividend, but the actual growth of 12% has far exceeded its distribution target. After an 8% increase in its quarterly dividend announced on February 9, the company now pays a \$0.47-a-share dividend.

Trading at \$51.95, Brookfield stock has taken an 8% hit this year. But this plunge has made this dividend stock very attractive for TFSA investors.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is another dividend stock which is trading at attractive levels after the recent pullback. I think this dip is a good opportunity for investors to get a hold of this quality stock with a rock-solid dividend.

Unlike other lenders, Bank of Nova Scotia has been growing its [international operations](#) in emerging markets where the potential is huge.

The Pacific Alliance — an economic bloc consisting of on Mexico, Peru, Chile, and Columbia — is proving to be a great bet and a source of diversification away from the mature Canadian market.

In a recent presentation to investors, CFO Sean McGuckin said the region is likely to contribute 30% to the bank's total revenue over the next three years — up from 23% now.

Bank of Nova Scotia is a stock you can count on for a regular income stream. It has sent dividend cheques to investors every year since 1832. The bank not only pays dividend, but it's also a great dividend-growth story. It has hiked its payouts in 43 of the last 45 years — one of the most consistent records for dividend growth among major Canadian corporations.

Trading at \$77.73, Bank of Nova Scotia is down ~5% this year. This dip offers an opening for long-term income investors who want to benefit from the lender's robust growth potential and growing payouts. With a 3.92% dividend yield and a \$3.05-a-share annual payout, Bank of Nova Scotia is a solid banking stock to play the strength of emerging markets.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BNS (Bank Of Nova Scotia)

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Date

2025/09/12

Date Created

2018/02/18

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